

Message Text

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TO USMISSION OECD PARIS

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TAGS: EGEN, OECD

SUBJECT: EDRC MEETING FEB 4

REF: OECD PARIS 2343

AT SUBJECT MEETING, MISSION MIGHT RAISE FOLLOWING QUESTIONS:

1. SINCE THE DECEMBER OUTLOOK, HAS THE SECRETARIAT MODIFIED ITS VIEWS ABOUT THE RATE OF RECOVERY FOR MOST INDUSTRIALIZED COUNTRIES IN THE SECOND HALF OF 1975? HAVE SECRETARIAT ESTIMATES OF THE TIMING OF THE RECOVERY BEEN ADJUSTED?

2. HOW SENSITIVE TO FORECASTS OF ECONOMIC ACTIVITY IN THE US ARE THE FORECASTS FOR OTHER COUNTRIES? FOR EXAMPLE, IF FORECASTS FOR THE US ARE OFF BY ONE PERCENT, WHAT DOES THIS IMPLY FOR THE FORECASTS FOR OTHER COUNTRIES?

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3. WHAT ROLE DO INVENTORY CHANGES PLAY IN THE ECONOMIC SLOWDOWN AND POTENTIAL RECOVERY? IS THERE A POSSIBILITY THAT A PROLONGED INVENTORY SHAKEOUT MIGHT TAKE PLACE?

4. WHAT IS THE EXTENT OF EXCESS CAPACITY NOW IN THE MAJOR

INDUSTRIALIZED COUNTRIES? WHAT EFFECT WILL EXCESS CAPACITY HAVE ON INVESTMENT DEMAND AND THE PROSPECTS OF RECOVERY?

5. HAVE THERE BEEN ANY REVISIONS ON FORECASTS OF TRADE PATTERNS, ESPECIALLY FOR THE FRG TRADE SURPLUS? HOW DOES THE SECRETARIAT VIEW THE IMPACT OF US ECONOMIC ACTIVITY ON THE TRADE OF OTHER COUNTRIES?

6. EXPORTS TO OPEC AREA. CAN ANYTHING BE SAID ABOUT EXPECTED MAGNITUDE IN 1975? FOR SOME COUNTRIES (E.G., ITALY, FRANCE) PUBLISHED 1974 DATA ARE GREATLY LAGGED -- RECENT DATA WOULD BE APPRECIATED. BREAKDOWN OF 1974 GROWTH OF EXPORTS TO OPEC INTO REAL AND PRICE COMPONENTS WOULD BE HELPFUL, PARTICULARLY IF 1975 PROJECTIONS ARE NOT PROVIDED.

7. SHORT-TERM INTEREST RATES. DO COUNTRIES ENVISION CONTINUATION OF DOWNWARD TREND FOR SHORT-TERM RATES?

8. HOUSING. ARE THERE ANY SIGNS OF RENEWAL IN THE RESIDENTIAL HOUSING AREA?

9. FOR THE FRG. IS THE INVESTMENT PREMIUM HAVING THE INTENDED EFFECT? HOW MUCH NET FISCAL STIMULUS HAS TAKEN PLACE? HOW EFFECTIVE HAVE THE OVERALL STIMULATIVE MEASURES TAKEN BY THE FRG BEEN SO FAR, ESPECIALLY IN VIEW OF CURRENT FRG TRENDS IN TAX REFORM, CHANGES IN WITHHOLDING TAX PATTERNS, AND INCREASES IN SOCIAL INSURANCE AND OTHER CHARGES? THE FRG HAS RECENTLY EXPRESSED WILLINGNESS TO INCREASE COUNTER-CYCLICAL SPENDING FROM THE 10 BILLION DM FUND CREATED FOR THIS PURPOSE. WHAT ARE THE PROSPECTS FOR THE TIMING OF SUCH SPENDING DURING 1975?

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10. FOR ITALY. (A) WHAT EFFECT HAVE RECENT CHANGES IN THE WAGE ESCALATOR (TYING WAGES TO THE PRICE INDEX) HAD ON WAGES AND PRICES? (B) WHAT IS THE SIZE OF ESTIMATED TREASURY BORROWING IN 1975?

11. FOR JAPAN. WHAT IS THE OUTLOOK FOR SPRING WAGE NEGOTIATIONS?

12. FOR FRANCE. AT DECEMBER REVIEW FRENCH REPS SAID
THAT FRANCE WOULD HOLD TO JULY 1974 ANTI-INFLATIONARY
MEASURES AT LEAST UNTIL MORE DEFINITIVE STATISTICS ON
2ND HALF 1974 PERFORMANCE AVAILABLE. WHAT DO FRENCH
AUTHORITIES THINK NOW? KISSINGER

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